



North Carolina Department of Health and Human Services Office of the Controller

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MEMORANDUM

TO: Single County Finance Officers

FROM: Gary Fuquay
DHHS Controller 

DATE: June 6, 2002

RE: Implementation of New Cost Matrix and Enhanced Compliance Enforcement

The purpose of this memorandum is to provide you with the attached memorandum dated February 4, 2002 and the associated attachment of a cost matrix, which was sent to your respective single county area mental health program director and finance officer. The respective Single County Area Programs brought to our attention that we should share this information with the County Finance Officers. The finance officers will need to assist the area programs with required compliance to the new cost matrix and enhanced audit support enforcement of the cost finding report.

Each year, your single county area mental health program is required to report to the State their expenditures for the respective mental health services they provide. The subsequent audit should support the cost report. The cost report requires the area mental health program to further display their expenditures by cost center and line item (1xx to 8xx). These are the same line items required by the Department of the State Treasurer's chart of accounts for county audits, which is located on that Department's web site. It is our understanding that for single county area programs, the county controls the audit as well as the chart of accounts by which the area program is able to acquire their cost data. It is important that you are aware of the new cost matrix, which crosswalks to the Department of the State Treasurer's chart of accounts. With the full implementation of the cost matrix for the 2003 report year, it will be required that the county audit supporting the cost finding, fully comply with the cost matrix as well as fully support the cost figures within the cost finding. In order for you to understand the scope of the cost finding review better, set forth below are issues identified during this year's cost finding.

The issues discovered with the 2001 cost finding are:

- ✓ The 1xx to 8xx line items on the audit did not coincide with the 1xx to 8xx figures in the cost finding.
- ✓ In some situations the total costs per the audit did not match the total cost figures for the audit.
- ✓ There were also issues with the audit's break out of expenditures by cost center that did not reflect the same information provided in the cost finding report.
- ✓ Not all items were able to be crosswalked between the audit and the cost finding report

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Should any of these items occur with the 2003 cost finding, the area program will be required to have either the cost finding or the audit changed so that both items are in sync.

Should you have questions regarding the new Chart of Accounts, please contact Pat Jeter at (919) 855-3680 or Theresa Allison at (919) 855-3681.

Cc: Area Program Directors
 Area Program Finance Officers
 DMH/DD/SAS Executive Staff
 Lanier Cansler
 Carol Duncan Clayton
 Allyn Guffey
 Area Administrative Cost Workgroup